

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**Medicare Allowances for
Lymphedema Pumps**



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EXECUTIVE SUMMARY

PURPOSE

To summarize trends in Medicare allowed charges for lymphedema pumps, and to ascertain the impact of Office of Inspector General investigations and Health Care Financing Administration controls on Medicare payments for lymphedema pumps..

BACKGROUND

Lymphedema pumps are pneumatic compression devices used to treat patients afflicted with lymphedema. Lymphedema is a condition characterized by swelling of tissues in an affected body part due to accumulation of excessive fluid.

FINDINGS

Medicare allowed charges for lymphedema pumps skyrocketed from 1991 to 1995

Medicare allowed charges for the most expensive type lymphedema pump (E0652) increased from \$18.5 million in 1991 to \$106.7 million in 1995--almost a 500 percent increase in 4 years.

The Office of Inspector General focused a national initiative on fraudulent lymphedema pump suppliers

In September of 1994, the Office of Investigations, Office of Inspector General (OIG) began a national initiative to curtail lymphedema pump fraud and abuse. Resulting from that initiative, some DME suppliers were convicted for fraudulently misrepresenting the type of pump issued to Medicare beneficiaries in order to obtain higher reimbursement.

Durable Medical Equipment Regional Carriers and The Health Care Financing Administration enhanced policies and controls for lymphedema pumps

Concurrent with the OIG investigations and convictions, Durable Medical Equipment Regional Carriers (DMERCs) began to intensify their review of lymphedema pump claims. Additionally, the Health Care Financing Administration (HCFA) began to develop new coverage and payment policies. The policies limited coverage of the most expensive model lymphedema pump to very specific instances, and then only after other treatments and less expensive model pumps had been tried. Further, HCFA required that a Certificate of Medical Necessity (CMN) accompany claims for all models of lymphedema pumps. Providers also had to submit documentation that more conservative methods of treatment had been ineffective in treating a lymphedema condition.

Medicare allowances for lymphedema pumps have declined dramatically since 1995

Medicare allowed charges for the most expensive type of lymphedema pump (E0652) dropped from \$106.7 million in 1995 to \$8.8 million in 1996--a 92 percent decrease in 1 year.

Efforts of the OIG, HCFA, and DMERC will save the Medicare program \$381 million

The efforts of the OIG, HCFA, and DMERCs saved the Medicare program \$76.2 in 1 year. If HCFA's new documentation requirements and continued OIG surveillance succeed in discouraging unnecessary payments for the expensive model lymphedema pump, the 5-year savings will total \$381 million.

CONCLUSION

In view of the apparent success in dealing with this problem, the OIG is canceling further inspection of this equipment. We will continue to monitor expenditures and re-instate a study if necessary.